Financial crisis in Bihar

556. SHRIMATI SAROJ DUBEY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a number of State Governments particularly Bihar are facing financial crisis after its bifurcation;

(b) if so, the details thereof;

(c) whether any proposal has been received from State Governments particularly Bihar to bail out from the present financial crisis;

(d) if so, the details thereof and the response of the Central Government in this regard; and

(e) the amount released by Central Government to Bihar announced as special package so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) and (b) Some State Governments including Bihar face cash imbalances. Mismatch in receipts and committee expenditure, despite higher central transfers to the existing state of Bihar as compared to the erstwhile state of Bihar, has resulted in the cash imbalances.

(c) and (d) Some State Governments including Bihar periodically request Government of India to bail them out of their liquidity crisis. Government of India has been releasing, where feasible the monthly entitlement of the state, of share in taxes, normal Central assistance etc. in advance to enable the state to overcome the liquidity crisis, besides releasing Ways and Means advance, where necessary.

(e) On date, no special package exists for Bihar.

Contingent liabilities of States

557. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have directed the State Governments to put a cap on issue of guarantees as the ballooning level of contingent liabilities and threatening to throw their finance in further disarray;

(b) if so, whether according to the Ministry of Finance, contingent liabilities of States stand at approximately Rs. 1,19,000 crore;

(c) whether States have considered the suggestions made by Government; and

(d) if so, the extent to which they have followed these directions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) Fixing limits on guarantees extended by the State Governments fall within their purview, as provided under the Article 293 (1) of the Constitution. According to Reserve Bank of India the outstanding guarantees extended by 17 major State Governments stood at Rs. 1,24;813 crores as at the end of March 2000.

The *Technical Committee on State Government Guarantees (1999)* constituted by Reserve Bank of India suggested a number of measures such as selectivity in the provision of guarantees, institution of ceiling, setting up of guarantee redemption fund, etc. Many States have also set up guarantee redemption fund to meet the risk of possible defaults on guarantees.

Prosecution of Hawala Operators

558. SHRI K.C. KONDAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate propose to prosecute Hawala Operators/Organisations operating within the country and abroad;

(b) if so, the details thereof; and

(c) the action taken/proposed to be taken in this regard.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (c) The Enforcement Directorate has launched prosecution against 47 persons involved in hawala operations within the country under FERA, 1973 in the courts of law.

Excise Duty arrears on Private Sector Companies

559. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) the details of large private sector companies who owe to Government arrears amounting to Rs. 10 crores or more in respect to excise duty;

(b) the details of stages at which these litigations are pending before the Supreme Court, High Courts, Revenue Board CEGAT; and

(c) what mechanism Government propose to adopt to realize this amount from the industries at an early date?